

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL MEMORANDUM**

**HB 2324 – SB 2315**

May 18, 2009

**SUMMARY OF AMENDMENT (008440):** Deletes the original bill in its entirety. Raises the taxable wage base from \$7,000 to \$9,000. Imposes an additional .6 percent tax for all positive and reserve ratio employers on certain premium rate tables until the Unemployment Trust Fund has a balance exceeding \$650,000,000. Establishes an alternative base period for the calculation of unemployment benefits. Authorizes dependent allowances for unemployment benefits. Authorizes eligibility for unemployment benefits for individuals seeking part-time work if such work is for a minimum of 20 hours per week. Replaces the extended benefits trigger from the insured unemployment rate to the total unemployment rate. Deletes the Department of Labor and Workforce Development (LWFD) funding of the Tennessee Job Skills Fee. Establishes new trust fund balances for trigger levels for the Premium Rate Chart for Non-governmental Employers.

**FISCAL IMPACT OF ORIGINAL BILL:**

MINIMAL

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue - \$141,000,000/One-Time**  
**Unemployment Insurance Trust Fund**  
**\$243,500,000/Recurring/**  
**Unemployment Insurance Trust Fund**

**Increase State Expenditures - \$3,655,800/One-Time/**  
**Unemployment Insurance Trust Fund**  
**\$29,500,000/Recurring/**  
**Unemployment Insurance Trust Fund**

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Assumptions applied to amendment:

- According to estimates provided by LWFD the alternate base period for calculation of benefits will result in an increase in state expenditures of approximately \$25,000,000. LWFD also estimates that the inclusion of a dependant allowance will increase state expenditures by approximately \$4,500,000. The total recurring increase in state expenditures to the Unemployment Insurance Trust Fund is estimated to be \$29,500,000.
- There will be a one-time increase in state expenditures for LWFD to do computer systems changes to implement the provisions of the bill. These changes are estimated to result in a one-time increase in state expenditures of \$3,655,800.
- The authorization for part-time worker benefits codifies current LWFD policy.
- Based upon the changes provided by the amendment, the state will receive \$141,000,000 in federal funds for implementing the Unemployment Insurance Modernization Plan.
- Based upon estimates provided by the University of Tennessee's Center for Business and Research, the average increase in state revenue for the next three years resulting from the change in the taxable wage base and the .6 percent tax increase is estimated to be approximately \$243,500,000.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/cce